

Sona BLW Precision Forgings

Price Band ₹ 285-291

June 11, 2021

Sona BLW Precision Forgings (SBLW) is a diversified manufacturer of highly engineered automotive components and systems with capabilities across drivetrain parts and motor electronics. The company has six manufacturing locations in India along with three plants abroad, serving automotive OEMs in the domestic as well as international markets. As of FY21, consolidated sales were at ₹ 1,566 crore with EBITDA at ₹ 441 crore (margins of ~28%) and PAT at ₹ 215 crore. Chief product lines include differential gears (27.8% of sales), differential assemblies (17.6% of sales), micro hybrid starter motors (26.7% of sales) and conventional starter motors (23.8% of sales). The company is truly a global auto ancillary player, deriving 75% of FY21 revenues from overseas, and serves clients across electrified and non-electrified platforms. SBLW is characterised by a strong technological focus, with R&D spends at 5.8% of revenues in FY21 (~15% of total on roll employee count dedicated to R&D function).

EV capability key differentiator

SBLW stands apart from much of the rest of the auto component universe by providing a strong play on the upcoming mega opportunity of electrification. As of FY21, the company obtained ~40% of revenues from 'electrified' platforms, including ~14% from pure battery EVs (BEV). This compares to ~3.3% penetration of BEV in global PV production as of CY20. SBLW's offerings to BEV/hybrid platforms spans its entire product range i.e. differential gears & assemblies, BSG and traction motors. It commands 8.7% global market share in BEV differential assemblies as of FY21 and currently has eight EV programmes under serial production, with a pipeline of seven more for the future. The company is a prominent player in the domestic electric-2-W space supplying traction motors to domestic OEMs.

Global reach compliments diversified market presence

The company is among the top 10 companies globally for differential bevel gears for PVs, CVs and tractors (5% market share). SBLW is also among the top 10 global players for starter motors in PVs (3% market share). Further, domestically, it is the largest manufacturer of differential gears for PV (55-60% market share), CV (80-90% market share) and tractors (75-85% market share). North America and Europe form ~36%, 26% of FY21 sales with exposure to top client restricted to ~17% of topline.

Key risk & concerns

- Slower than anticipated revival in auto sales volumes
- Steep rise in metal prices may hamper margins in near term
- Forex transactional impact on financials

Valuations to limit listing gains; Subscribe only for long term

SBLW provides an exciting play on electrification and possesses healthy financial strength (~28% margins, ~20% RoCE) but valuations proposed are rich (~74x P/E on FY21 basis). Nevertheless, we believe the company offers a good investment case on the back of strong growth prospects. Accordingly, we recommend **Subscribe only for long term**.

Key Financial Summary

Key Financials (₹ crore)	FY18	FY19	FY20	FY21	CAGR (FY19-21)
Net Sales	1,224.1	1,427.7	1,220.1	1,566.3	4.7%
EBITDA	345.5	412.3	325.3	441.0	3.4%
EBITDA Margins (%)	28.2	28.9	26.7	28.2	
Net Profit	171.5	212.9	221.7	215.2	0.5%
EPS (₹)	3.0	3.7	3.9	3.8	
P/E	97.2	78.3	75.2	74.1	
RoNW (%)	15.7	16.9	18.8	17.3	
RoCE (%)	22.1	23.8	16.6	20.6	

Source: RHP, ICICI Direct Research (PL Note: These are proforma Consolidated numbers)

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Particulars

Issue Details

Issue Opens	14th June 2021
Issue Closes	16th June 2021
Issue Size	~₹ 5,550 crore
QIB (Institutional) Share	~75% of issue
Non-Institutional Share	~15% of issue
Retail Share	~10% of issue
Issue Type	Fresh Issue + OFS
Price Band (₹/share)	₹ 285-291
Market Lot	51 shares
Face value (₹/share)	₹ 10
Listing Market Cap @	~₹ 17,000 crore
Upper price band	

Shareholding (%)

	Pre-Issue	Post-Issue
Promoters	100.0	67.0
Public	0.0	33.0
Total	100.0	100.0

Objects of issue

Objects of the issue	₹ crore
Repayment of Debt	241
General corporate purposes	59
Total Fresh Issue Proceeds (A)	300
Total OFS Proceeds (B)	5,250
Total IPO Proceeds (A+B)	5,550

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Company background

SBLW is a manufacturer of high precision, engineered automotive systems and components, supplying to Indian and international OEMs across electrified as well as non-electrified powertrain domains. Its product offerings include differential assemblies, differential gears, conventional and micro-hybrid starter motors, BSG systems, EV traction motors (BLDC, PMSM) and motor control units. The company has developed significant reach at a global level and commanded 5% market share in differential bevel gears, 3% in starter motors and 8.7% in BEV differential assemblies in CY20. It is present in six of the top 10 global PV OEMs, three of the top 10 global CV OEMs and seven of the top eight global tractor OEMs by volume, deriving 75% of FY21 product revenues from overseas with manufacturing footprint spanning across six plants in India and one each in US, Mexico and China. SBLW is characterised by a strong technological focus, with R&D spends at 5.8% of revenues in FY21 (~15% of total on-roll employee count dedicated to R&D function). Consequently, it has made encouraging inroads into the emerging global automotive opportunity of electrification. It derived 13.8% of FY21 revenues from BEVs and 26.7% from mild hybrid/hybrid vehicles, with share of pure ICE vehicles within overall mix limited to 25.1%.

Exhibit 1: Map of segment presence and brief description of product end-use application

Product	Segment					Description
	PV	CV	Off-Highway	3-W	2-W	
Differential assembly	BEV, Hybrid and ICE	BEV & ICE			NA	Mechanism including gears that transmits power to the wheels differently, allowing them to rotate at different speeds while executing a turn. Is part of the drivetrain.
Differential gears						Gear arrangement which goes into differential assembly
Starter motors (micro hybrid and conventional)	Hybrid & ICE		NA/No presence		Micro hybrid - An electric device that apart from cranking the engine, automatically shuts the engine to reduce engine idle time (micro hybrid) and provide initial starting power to the engine (conventional).	
BSG	Hybrid only		NA	No presence	Synchronous or asynchronous electric machine, which provides torque to the powertrain in motor mode and produces electricity in generator mode	
EV traction motors (BLDC & PMSM) and motor control units	BEV & Hybrid	No presence		BEV only	Synchronous motors powered by DC electricity to drive the electric vehicles. Motor control units regulate the power to motors for providing torque and speed to vehicle, and also charges battery during braking.	

Source: RHP, ICICI Direct Research; Note – BEV = battery EV, ICE = Internal Combustion Engine

SBLW is among the top 10 companies globally for differential bevel gears for PVs, CVs and tractors. It is also among the top 10 global players for starter motors in PVs and among the two largest starter motor exporters from India. Further, domestically, it is the largest manufacturer of differential gears for PV (55-60% market share), CV (80-90% market share) and tractors (75-85% market share).

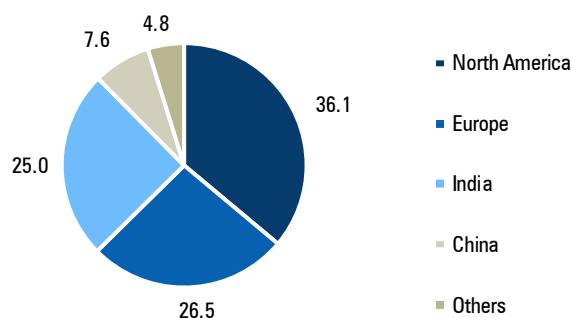
Exhibit 2: Product-wise revenue mix

Product	FY19		FY20		FY21	
	₹ crore	% of sales	₹ crore	% of sales	₹ crore	% of sales
Differential assembly	61.1	4.5	65.8	5.6	261.4	17.6
Differential gears	565.8	41.5	411.1	34.8	414.4	27.8
Micro hybrid starter motors	232.5	17.0	348.0	29.5	397.5	26.7
Conventional starter motors	461.3	33.8	305.5	25.9	354.1	23.8
Other gears	31.8	2.3	38.7	3.3	41.9	2.8
Others	12.5	0.9	11.3	0.9	19.6	1.3
Total	1,365.0	100.0	1,180.4	100.0	1,488.9	100.0

Source: RHP, ICICI Direct Research

As of FY21, PV formed 68.4% of revenues with CV contributing 14.4% & tractors contributing 17.1%, respectively

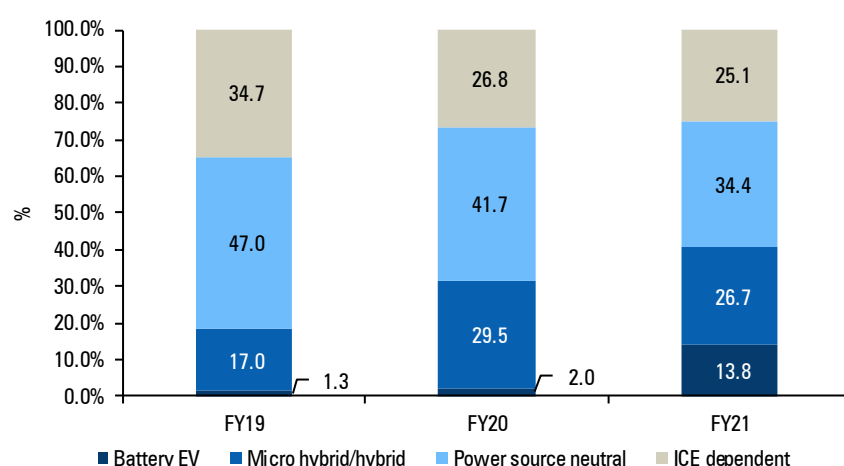
Exhibit 3: Geography-wise revenue mix in FY21



Source: RHP, ICICI Direct Research

North America and Europe form ~36%, 26% of FY21 sales followed by India share of revenues at ~25% with the rest of the world constituting ~13%.

Exhibit 4: Powertrain-wise revenue mix



Source: RHP, ICICI Direct Research

ICE dependent revenues for SBLW were at 25.1% in FY21, down from 34.7% in FY19. The share of BEV revenues has jumped ~9x from 1.3% to 13.8% in that time frame

As of FY21, top 10 customers combined formed ~80% of consolidated revenues. Total 13 of the company's top 20 customers have been on board for 15 years or more. It counts Mahindra & Mahindra, TAFE, Dana, Maruti Suzuki, JLR, Carraro, CNH, John Deere, Volvo Cars, Escorts, Linamar, Renault Nissan and Geely among its clients.

SBLW currently has been awarded 58 programmes by OEM clients for which production has either commenced in FY21 or would be commencing beyond that year. In terms of EV order book, of the 15 programmes awarded, active production has commenced for eight.

Industry Overview

Starter motors

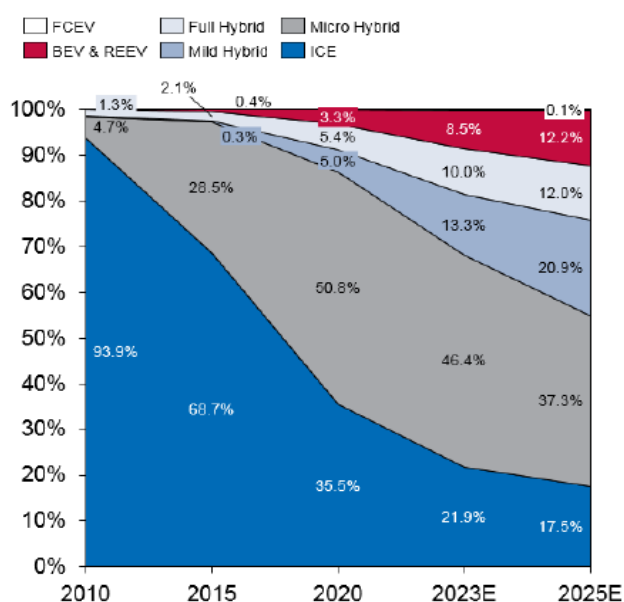
Traditional ICE vehicle and micro-hybrid vehicles with start-stop feature along with mild hybrid EVs (except P1 type) and fully hybrid EVs all require 12v starter motor in order to crank the engine. BEV has no need for starter motor as it does not need to crank the engine. Global starter motor industry size in CY20 was pegged at ~68 million units (including ~25 million units for ICE vehicles). As per Ricardo estimates, the industry was worth ~US\$2.8 billion in value terms as of CY20 (ASP range ~US\$38-44/unit).

Going forward, evolution of powertrain mix in the global PV space (Exhibit 1) is seen having a direct correlation with the performance of the starter motor industry. In CY20, global production of battery electric vehicles (BEV) was at ~2.3 million units, ~3.3% of overall PV volumes. While small at present, the segment is seen as an area of strong growth in coming years, with Ricardo Analysis expecting BEV sales to form ~12% of global PV production by CY25E. Rising public concern over climate change, phasing out of polluting fossil fuel vehicles by several nations, policy support and EV purchase incentives provided by governments of major auto markets, tightening emission regulations and a thrust towards higher fuel efficiency are major reasons behind the ongoing rapid transition towards electrification. From a demand perspective, decline in battery costs (forms ~40% of EV costs) holds the key for price parity between BEV and internal combustion engine (ICE) vehicles. Battery costs have fallen from ~US\$1,000/kWh in 2010 to ~US\$120-200/kWh currently while a continued decline would significantly improve EV value proposition from a total cost of ownership (TCO) perspective for the buyer.

Amid expectation of increasing share of BEV within the overall mix to ~12% by CY25E, Ricardo estimates that the industry size will be broadly unchanged at ~US\$2.9 billion by CY25E. Globally, SBLW holds 3% starter motor market share and competes with the likes of Denso, Borg Warner, SEG Automotive, Hitachi, Valeo, etc. SBLW and SEG Automotive combined account for 70% of the Indian starter motor export market.

Exhibit 5: Powertrain mix evolution in global PV production

Global Propulsion Split – Passenger Vehicles Production Volumes

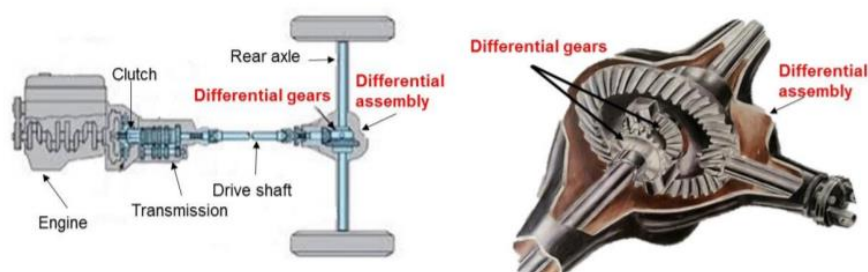


Source: RHP, ICICI Direct Research

Differential gears and assemblies

Differential gears are mounted as an assembly of high precision-bevel gears on the drive axle and form part of the transmission system, playing an important role in vehicle turning by driving a pair of wheels while allowing them to turn at different speeds. They find application in PV, CV, tractor and construction equipment segments. Vehicles with higher torque requirement (such as higher payload vehicles) require higher number of gears and more complex gear design e.g. applications in construction, mining, defence, four-wheel drive trucks, etc. Four-wheel drive vehicles, higher hp tractors, sedans and SUVs offer better ASPs for a differential gear manufacturer.

Exhibit 6: Differential gear and assembly



Source: RHP, ICICI Direct Research

Exhibit 7: Differential gear requirement (Global PV)

	No. of diff assemblies	Number of diff bevel gears
Front Wheel Drive (FWD)	1	4
Rear Wheel Drive (RWD)	1	4
Part Time AWD	2	8
4WD/AWD (Full Time AWD)	2	8

Source: RHP, ICICI Direct Research

As per Ricardo Analysis, total volume of differential assemblies produced in CY20 for non-BEV PVs was at ~96 million units (industry size ~US\$3.9 billion, ASP ~US\$40/unit) while that for BEV PVs was at ~2.9 million units (industry size ~US\$145 million, ASP ~US\$50/unit). For CY25E, Ricardo estimates the non-BEV PV differential assembly industry to be worth ~US\$4.7 billion by CY25E (CAGR of ~3.8%). BEV PV differential gear volumes are seen growing at 39% CAGR in CY20-25E to ~15 million units. Ricardo expects the differential bevel gear industry to grow from US\$1.1 billion in CY20 to US\$1.3 billion by CY25E.

Exhibit 8: Differential gear requirement by segment and transmission type (India)

	Transmission system	Number of diff gears
PV	Two wheel drive	4-6
PV	Four wheel drive	8 plus inter axle differential
LCV	Two wheel drive	6
M&HCV	Four wheel drive	20 including inter axle differential
Tractors	Two wheel drive	6
Tractors	Four wheel drive	18-20

Source: RHP, ICICI Direct Research

As per Crisil Research, differential gear market in India was at ~₹ 330-350 crore in FY20 (23 million units in volume terms). Currently, most OEMs procure individual parts from component suppliers and perform assembly function in-house. In value terms, PV segment formed ~40-42% of the domestic market in FY20 with CV and tractors contributing 30-32% and 27-29%, respectively. Crisil Research estimates the market to grow at ~8.5%-9.5% CAGR to ~₹ 600-650 crore by FY26E, with OEMs seen gradually outsourcing differential gear assembly to component manufacturers.

SBLW is the largest Indian manufacturer of differential gears for PVs (55-60% market share), CVs (80-90% market share) and tractors (75-85% market share).

Higher RPM requirement in EVs combined with necessity to control noise, heat and vibration (NVH) issues complicates EV differential gear and assembly design – thereby leading to higher ASPs compared to conventional powertrains

SBLW has 8.7% global market share in BEV differential assemblies as of CY20. Key players in the overall differential assembly market include Borg Warner, JTEKT Corp, Dana, American Axle, GKN, etc. SBLW's CY20 differential bevel gear market share was at 5%, with competitors including American Axle, Showa Corp, Musashi Seimitsu Industries, Meritor, GKN, etc

OEMs such as Hyundai, Honda Cars and Toyota Kirloskar have supply tie-ups with related subsidiaries or affiliates and are catered largely by imports

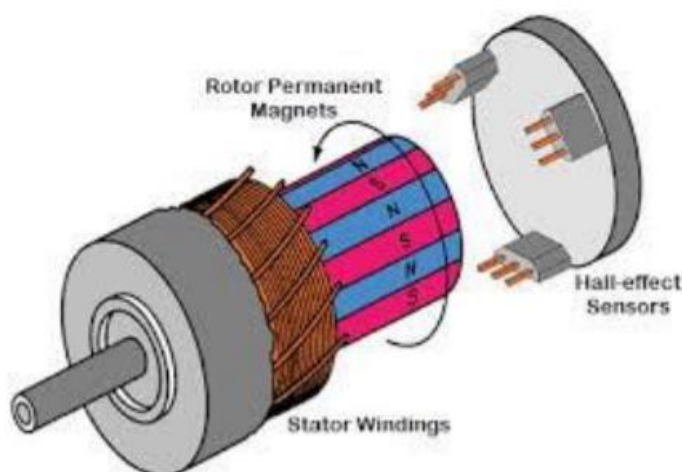
SBLW competes with the likes of Sundram Fasteners and India Pistons in PV; American Axle, Meritor and Dana in CV and New Allenberry, GNA and Bharat Gears in tractors

Brushless DC motors (BLDC) for electric 2-W

BLDC is a type of electric motor (used for converting electric energy into mechanical energy) and is of two basic types – out runner and in runner. A standard out runner type BLDC motor consists of rotor, stator and position or hall sensors. The stator is fixed while the rotor provides motion. In BLDC, permanent magnets are attached to the rotor. These get attracted to the magnetic field generated when current passes through coil upon the controller exciting the stator windings. Rotational motion is achieved through the shaft attached with the rotor.

As per Crisil estimates, the Indian BLDC market in FY21 was at ~1.4 lakh units in volume terms and ~₹ 36-37 crore in value terms. With the domestic electric 2-W market expected to grow at 72-74% CAGR over FY21-26E and realisations seen improving on the back of a shift from low speed to high speed EVs, Crisil Research expects the market to be worth ~₹ 400-440 crore by FY26E (~2.0-2.2 million units).

Exhibit 9: BLDC motor



Source: RHP, ICICI Direct Research

In India, electric 2-W primarily uses two types of electric motors – BLDC and permanent magnet synchronous motion (PMSM). While BLDC uses direct current, PMSM uses alternating current. PMSM motors are more compact in size and have higher power efficiency but require a more complex motor controller and have lower cost competitiveness compared to BLDC motors. Total ~80-84% of the Indian BLDC motor market have a power rating of <3 kW

Imposition of 15% import duty on BLDC motors from April 2021 is in part seen reducing the incidence of imports seen earlier in this space. As per Crisil estimates, 30-40% of <3 kW electric motors are imported at present and used typically by smaller electric 2-W makers. Major BLDC motor organised suppliers include Mahle Auto Electrical, SEG Automotive, SBLW and Lucas TVS. Mahle Electric Drives is the sole domestic supplier of PMSM motors

Belt-driven Starter Generator (BSG)

Mild hybrid vehicles find major application of BSG systems, predominantly of the 48V variety. They are also present in full hybrid vehicles. Total global BSG market size in CY20 was estimated at ~3.6 million units (~US\$0.75 billion, ASP of ~US\$235/unit), with the industry seen growing to ~12.3 million units (~US\$1.8 billion, ASP of ~US\$150/unit) by CY25E at a CAGR of ~28% on the back of expected increase in sale of hybrid vehicles. Valeo is a market leader in this space while other players include SEG Automotive, Continental, Hyundai Mobis.

High voltage traction motors

Traction motors typically find application in BEV, full hybrid EVs and mild hybrid EVs. BEV traction motors are prime movers and located in the front/rear or both depending upon vehicle configuration. In the PV segment, current traction motors are in the 60-110 kW power range, with higher end traction motors in the 190 kW power range. In CY20, as per Ricardo estimates, total BEV traction motor volumes were at 2.9 million units, with industry size pegged at US\$4 billion. Given expected jump in BEV sales in coming years and simultaneous increase in motor power ranges, Ricardo estimates the industry to be worth US\$22.5 billion in size by CY25E (~41% CAGR). Key global players in this segment include Bosch, Valeo-Siemens, GKN, Schaeffler, LG, Hitachi, Borg Warner, ZF, etc.

Investment Rationale

Strong play on mega auto opportunity in EVs

SBLW stands apart from the rest of the Indian auto component universe on the back of its proven capabilities in the sunrise EV space. As against 3.3% penetration of BEVs in global PV production in CY20, the company derived 13.8% of its FY21 revenues from the segment with a further 26.7% being contributed by micro hybrid/hybrid vehicles, taking total 'electrified' revenue contribution to ~40%. Its offerings in BEV and hybrids span all major product lines (differential assemblies, differential gears, BSG, traction motors). SBLW has been supplying differential gears in the global EV market since 2016 and differential assemblies since 2018. The company already has 8.7% global market share in the BEV differential assembly market. As of FY21, SBLW has an orderbook of 15 EV programmes of which eight are already under active production. As per Ricardo estimates, the global BEV market is expected to grow at 36% CAGR over CY20-25E. To capitalise upon emerging opportunities on the motor side, it is developing its 48V BSG motor for hybrid PVs. Separately, it is working on new client additions in the domestic and higher wallet share with Indian electric 2-W OEMs with a view to establish market leadership. The company's strong R&D capabilities stand it in good stead in the evolving alternate fuel landscape.

Exhibit 10: Map of revenue realisation movement for served products upon transition from ICE to BEV

	ICE	ICE with Micro-Hybrid (Start-Stop)	ICE-Mild Hybrid	ICE-Full Hybrids	BEV (Battery Electric Vehicle)
Bevel Gears	100	= No change in design requirements of Bevel gear	= No change in design requirements of Bevel gear	=/+ Certain changes in design requirements of Bevel gear	+ Increased durability and NVH requirements
Differential Assembly	100	= No change in design requirements of differential assembly	= No change in design requirements of differential assembly	=/+ Certain changes in design requirements of differential assembly	+ Increased durability and NVH requirements
Starter Motor	100	+ Improved starter motor design to handle increased number of duty cycles	= No change in design requirements of starter motor	= No change in design requirements of starter motor	NA
BSG (Belt Starter Generator)	NA	Not Applicable (NA)	+ BSG to provide torque assist and other functionality	NA/+ May or may not have an engine with a BSG system	NA
Traction Motor	NA	Not Applicable (NA)	+/NA Depending on the topology there could be AN additional traction motor integrated in the TM or rear axle	++ Depending on the topology there could be one or more traction motor integrated in the transmission or the rear axle	++ Depending on the drive type there could a traction motor at front or rear axle or both axes.

Source: RHP, ICICI Direct Research

Multi-product, multi-location, multi-segment presence

SBLW has a well-diversified presence across product lines, geographies, end-use segments and clients. The domestic market accounts for just 25% of FY21 revenues with North America, Europe, China forming 36.1%, 26.5% and 7.6% of consolidated sales, respectively. In terms of products, differential assemblies, differential gears, conventional starter motors, micro-hybrid starter motors and other gears accounted for 17.6%, 27.8%, 23.8%, 26.7% and 2.8% of FY21 sales, respectively. While PVs form a lion's share of segment mix at 68.4% in FY21, exposure to CVs and off-highway vehicles at 14.4% and 17.1%, respectively, provides healthy diversification. Among its customer base, dependence on the top client was restricted to ~17% as of FY21. Courtesy its presence in the CV space, the company stands to gain from impending cyclical recovery in the industry domestically while demonstrated exports capability could lead to SBLW being a beneficiary of the auto component production linked incentive (PLI) scheme, in our view.

Superior financials

The company commands excellent operating margins (28.9%, 26.7%, 28.2% in FY19, FY20, FY21, respectively) primarily on the back of high gross margins (averaged ~59% per annum in FY19-21). This is accompanied by a capital efficient business model with healthy return ratios (average FY19-20 RoCE, RoE at ~18-20%). Amid strong thrust on ASP-accretive offerings, going forward, across key products due to EV-centric approach, sizeable global reach and likely operating leverage benefits, outperformance on this score looks set to continue, going forward. However, short-term showing could be impacted by the prevailing spike in RM input costs.

Strong capabilities in research and technological development

As a company focused on providing solutions in the emerging EV space, SBLW has allocated significant resources to technology, research and development. Total ~15% of the company's on-roll manpower as of FY21 was engaged in R&D function. SBLW has three R&D centres in India. For FY20 & FY21, R&D spends were at 3.3%, 5.8% of revenues, respectively. This compares to an average spend of ~1% of revenues by other industry players. Total ~37% of the company's FY21 R&D spends were towards software systems and solutions with a view to enhancing capacities in future innovations in the BEV and related space.

Key Risk

Slower than anticipated revival in auto sales volume

SBLW is primarily an auto OEM supplier with limited after-market presence. Hence, it is largely dependent on new vehicle sales for realising its topline. Given the Covid pandemic and consequent reopening of economies, the near-term demand prospects of new vehicle sales are robust. However, any further Covid like event or its resurgence is likely to result in slower than anticipated new vehicle sales growth, thereby limiting the growth prospects at the company. Lack of meaningful presence in the aftermarket channel ties the topline fortunes to OEM client cyclicity.

Steep rise in metal prices to hamper margins in interim period

Steel, copper, aluminium, nickel, plastic resins, etc, are key raw materials for SBLW. Although the company has raw material costs pass through arrangements with all its customers, they could come with a time lag i.e. monthly/quarterly/half-yearly depending upon client relationships. Given that metal and crude derivate prices have risen very sharply in the recent past, there is a possibility that the company may report a muted margin profile in the near term.

Forex transactional impact on financials

By virtue of its diversified presence across the globe wherein the company realises significant i.e. ~36% of sales from North America, ~26% from Europe, ~13% from rest of the world. As of FY21, the company's financials are susceptible to forex risk.

Financial summary (Proforma Consolidated numbers)

Exhibit 11: Profit and loss statement					₹ crore
(Year-end March)	FY18	FY19	FY20	FY21	
Total operating Income	1,224.1	1,427.7	1,220.1	1,566.3	
Growth (%)	NA	16.6	-14.5	28.4	
Raw Material Expenses	472.8	578.5	513.9	645.3	
Employee Expenses	112.1	123.8	122.2	147.4	
Other Expenses	293.7	313.1	258.6	332.5	
Total Operating Expenditure	878.6	1,015.5	894.8	1,125.3	
EBITDA	345.5	412.3	325.3	441.0	
Growth (%)	0.0	19.3	-21.1	35.6	
Depreciation	61.2	72.2	78.2	96.9	
Interest	21.4	19.8	26.9	32.5	
Other Income	9.1	5.8	7.6	2.3	
PBT	272.0	326.0	227.8	313.9	
Total Tax	100.5	113.1	6.2	84.8	
Reported PAT	171.5	212.9	221.7	215.2	
Growth (%)	NA	24.1	4.1	-2.9	
EPS (₹)	3.0	3.7	3.9	3.8	

Source: RHP, ICICI Direct Research

Exhibit 12: Cash flow statement					₹ crore
(Year-end March)	FY18	FY19	FY20	FY21	
Profit after Tax	171.5	212.9	221.7	215.2	
Add: Depreciation & Interest	82.6	92.0	105.1	129.5	
(Inc)/dec in Current Assets	-92.9	0.0	45.2	-321.8	
Inc/(dec) in CL and Provisions	42.5	-24.8	-45.2	114.7	
Others	-11.5	-11.2	-17.5	5.2	
CF from operating activities	192.2	268.9	309.2	142.7	
(Inc)/dec in Investments	39.2	34.0	193.3	-59.6	
(Inc)/dec in Fixed Assets	-113.0	-116.4	-224.1	-218.0	
Others	3.6	-48.3	-917.9	121.5	
CF from investing activities	(70.3)	(105.3)	(911.7)	(215.7)	
Inc/(dec) in loan funds	12.6	-21.8	137.7	59.5	
Dividend paid & dividend tax	-125.7	-103.2	-173.1	-90.4	
Interest Expense & Others	-13.7	-20.6	743.7	-35.8	
CF from financing activities	(126.8)	(145.6)	708.3	(66.7)	
Net Cash flow	-4.8	18.0	105.8	-139.7	
Opening Cash	48.4	43.5	61.5	167.3	
Closing Cash	43.5	61.5	167.3	27.6	

Source: RHP, ICICI Direct Research

Exhibit 13: Balance sheet					₹ crore
(Year-end March)	FY18	FY19	FY20	FY21	
Liabilities					
Equity Capital	27.7	27.7	47.2	573.0	
Reserve and Surplus	196.0	361.6	1,130.2	730.9	
Others	870.6	870.6	0.0	0.0	
Total Shareholders funds	1,094.4	1,259.9	1,177.4	1,303.9	
Total Debt	190.9	169.1	306.8	366.3	
Deferred Tax Liability	154.4	152.3	107.7	126.0	
Minority Interest / Others	18.0	18.2	53.4	72.1	
Total Liabilities	1,462.3	1,605.2	1,652.5	1,877.0	
Assets					
Net Block	300.8	350.9	426.5	504.2	
Capital WIP	19.4	26.6	89.6	83.2	
Total Fixed Assets	320.2	377.4	516.1	587.4	
Investments & Intangibles	759.5	703.0	640.6	712.4	
Inventory	188.5	183.8	196.2	305.6	
Debtors	238.2	273.3	233.6	417.0	
Loans and Advances	30.1	0.1	1.0	16.7	
Cash	43.5	61.5	167.3	27.6	
Other current assets	52.1	190.7	33.6	54.2	
Total Current Assets	552.4	709.4	631.8	820.9	
Creditors	161.4	139.3	116.2	224.1	
Provisions	9.1	7.1	5.1	7.3	
Other current liabilities	34.2	88.9	76.9	66.4	
Total Current Liabilities	204.7	235.4	198.3	297.8	
Net Current Assets	347.7	474.0	433.5	523.2	
Others	34.9	50.8	62.2	54.1	
Application of Funds	1,462.3	1,605.2	1,652.5	1,877.0	

Source: RHP, ICICI Direct Research

Exhibit 14: Key ratios					
(Year-end March)	FY18	FY19	FY20	FY21	
Per share data (₹)					
EPS	3.0	3.7	3.9	3.8	
Cash EPS	4.1	5.0	5.2	5.4	
BV	19.1	22.0	20.6	22.8	
DPS	2.2	1.8	2.7	1.6	
Cash Per Share	0.8	1.1	2.9	0.5	
Operating Ratios (%)					
EBITDA Margin	28.2	28.9	26.7	28.2	
EBIT Margin	23.2	23.8	20.3	22.0	
PAT Margin	14.0	14.9	18.2	13.7	
Inventory days	56.2	47.0	58.7	71.2	
Debtor days	71.0	69.9	69.9	97.2	
Creditor days	48.1	35.6	34.8	52.2	
Net Working Capital days	79.1	81.2	93.8	116.2	
Return Ratios (%)					
RoE	15.7	16.9	18.8	17.3	
RoCE	22.1	23.8	16.6	20.6	
RoIC	23.6	25.6	20.1	22.1	
Valuation Ratios (x)					
P/E	97.2	78.3	75.2	74.1	
EV / EBITDA	48.6	40.7	51.7	38.6	
EV / Net Sales	13.7	11.7	13.8	10.9	
Market Cap / Sales	13.6	11.7	13.7	10.6	
Price to Book Value	15.2	13.2	14.2	12.8	
Solvency Ratios					
Debt/EBITDA	0.6	0.4	0.9	0.8	
Debt / Equity	0.2	0.1	0.3	0.3	
Current Ratio	3.0	4.4	3.8	3.4	
Quick Ratio	1.9	3.2	2.2	2.1	

Source: RHP, ICICI Direct Research

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